

Frequently Asked Questions

1. How does a borrower apply for grant funds?

The applicant notifies the lender that he/she wishes to apply for National Mortgage Settlement grant monies. If the applicant meets the eligibility requirements, the lender will file an application on the applicant's behalf.

2. Are the grant funds available through any lender?

Yes, any lender licensed to conduct mortgage lending business in the State Of Michigan.

3. What are the grant amounts?

Homebuyer Assistance

- Non-military homebuyers may receive up to \$3,000.
- Active military and veteran homebuyers may receive up to \$5,000. ("Active military" is defined as a member of the U.S. Armed Forces or National Guard and Reserves.)
- Neither grant can exceed 25% of the sales price.

HARP Refinance

- \$500 toward closing costs.

4. What are the eligibility requirements?

Homebuyer Assistance

- First-time homebuyers (have not had homeownership interest in the three (3) years prior to purchase date).
- Purchase of a single-family, owner-occupied, principal residence in the State of Michigan.

HARP Refinance

- Home located in the State of Michigan.
- Refinancing a home through the Home Affordable Refinance Program.

5. What types of mortgages qualify for the Homebuyer Assistance Grant?

The grant can be used with any first-lien mortgage product.

6. Are there income, asset, or purchase price limits?

No.

7. Does a mobile home count as prior homeownership in the last 3 years?

- If the mobile home is taxed as real estate and is permanently affixed to a foundation, then it is considered prior homeownership.
- If the mobile home was located in a mobile home park where the homebuyer was paying a lot fee then it is not considered prior homeownership.

8. Can the grant be used with a MSHDA Down-Payment Assistance loan?

Yes. A waterfall analysis will be employed with the grant lowering the amount of the down payment assistance loan.

9. Can grant funds be used to pay the MSHDA's Mortgage Credit Certificate fee?

Yes.

10. Can grant funds be used for a cash purchase?

No, the lender is responsible for verifying that the applicant is a first-time homebuyer on the application/affidavit and that all other terms and conditions are met.

11. Can the homebuyer receive cash back at closing?

Cash back from the grant funds are not allowed. However, the homebuyer may receive cash back in the amount they have already paid outside of closing as long as those costs are reflected on the HUD-1.

12. Can the homebuyer use any remaining credit for principal reduction?

Yes, the remaining credit can be used to buy down the principal after the homebuyer's required investment (minimum required by insurer/guarantor), seller concessions and the grant funds have been applied.

13. Can grant funds be used to help finance the purchase of a property on a land contract?

No. Land contracts represent an on-going purchase transaction where legal title to the property has not yet been conveyed.

14. How will grant fund availability be communicated?

MSHDA will post grant fund balances on the MSHDA website.

15. Do the grant funds have to be repaid?

No.

16. Is the lender responsible for submitting post-closing documents to MSHDA?

The lender is ultimately responsible for ensuring delivery of the post-closing documents to MSHDA. The lender can however, add closing instructions for the closing/title company that direct grant fund post-closing documents be submitted by the closing/title company to MSHDA.

17. At what stage in the loan process does the lender file an application/affidavit requesting grant funds?

- Application/affidavits can be filed after the loan is approved and a closing date has been scheduled.
- MSHDA must receive the application at least six (6) business days prior to the closing date.

18. What is required for a lender to participate in the grant program?

- The lender must be licensed to provide mortgages in the State of Michigan.
- The lender must obtain a user name and password from MSHDA to upload applications to MSHDA's Data Exchange Gateway (DEG).

19. How will the lender and closing/title company know that grant funds have been approved for a particular homebuyer?

MSHDA will email the lender and the closing agency/title company that funds have been direct deposited/electronically transferred to the closing agent or title company.

20. Can the application/affidavit or closing document be emailed?

No. All required documents must be submitted via the Data Exchange Gateway.

21. Will my user name and password for MSHDA's Lender-On-Line system work for the Data Exchange Gateway?

No.

22. Would MSHDA allow a grant to a first time homebuyer who has a non-occupying co-borrower that *IS* a prior homeowner?

Answer – No. All borrowers must sign the grant affidavit which states:

I(we) hereby certify under penalty of U.S. Criminal Code Section 1010, Title 10, U.S.C., that the above statement, submitted for the purpose of aiding the named homebuyer(s) in applying for the Homebuyer Assistance grant, is true. I(we) further certify that the homebuyer(s) are first-time homebuyer(s) who has not had a present ownership interest in his or her principal residence at any time during the three years immediately preceding the date of purchase, the home is the principal residence and is owner occupied. In addition, I(we) acknowledge that if any person, with an intent to defraud or cheat, designedly by false pretense, including any false statement or misrepresentation, obtains grant money as a result of a false statement or misrepresentation shall be guilty of a crime. Such person may be guilty of either a misdemeanor or felony.